

Message Text

CONFIDENTIAL

PAGE 01 MANAGU 00529 031432Z

ACTION ARA-14

INFO OCT-01 ISO-00 OC-06 CCO-00 HA-05 CIAE-00 COME-00

EB-08 INR-07 LAB-04 NSAE-00 SIL-01 OMB-01 TRSE-00

AID-05 AGRE-00 DODE-00 NSCE-00 SSO-00 USIE-00

INRE-00 PM-05 H-01 L-03 PA-01 PRS-01 SP-02 SS-15

DOE-11 DOEE-00 SOE-02 /093 W

-----030754 031445Z /46

O R 022244Z FEB 78

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 5595

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L MANAGUA 0529

E.O. 11652: GDS

TAGS: ELAB, PINT, SHUM, NU

SUBJECT: NATIONWIDE STRIKE ENTERS TENTH DAY

REF: A) MANAGUA 0480, B) MANAGUA 0525

SUMMARY: THE STRIKE IS CONTINUING DESPITE SOME SOFTENING IN THE INDUSTRIAL SECTOR. THE FINANCIAL SECTOR IS OPERATING AT LESS THAN FULL CAPACITY AND IS EXPERIENCING PROBLEMS OF CASH OUTFLOWS. MORE GON EMPLOYEES HAVE JOINED THE STRIKE, AND THE STRIKE IN THE COMMERCIAL SECTOR IS HOLDING STRONG. OUTCOME OF THE STRIKE STILL IMPOSSIBLE TO PREDICT BUT THE MOMENTUM IN FAVOR OF CONTINUING THE STRIKE MAY HAVE SHIFTED FROM THE HANDS OF OWNERS AND MANAGERS TO WHITE COLLAR WORKERS AND LABORERS. END SUMMARY

1. SURVEY OF INDUSTRIAL SECTOR ON FEBRUARY 1 AND 2 INDICATED THAT STRIKE IS SOFTENING AMONG LARGER FIRMS. MANY FIRMS HAVE RECOMMENDED PARTIAL OR FULL OPERATIONS. SOME INDUSTRIES HAVE STARTED PROCESSING PROCEDURES BUT NOT DISTRIBUTION OF PRODUCTS. A FEW OWNERS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANAGU 00529 031432Z

HAVE ORDERED THE OPENING OF THEIR FIRMS AND WORKERS HAVE COMPLIED. OTHERS ARE AWAITING FURTHER DEVELOPMENTS. A LARGE TEXTILE MILL IS OPERATING AT FULL CAPACITY.

2. BANCO NICARAGUENSE (BANIC), ONE OF TWO LARGEST LOCAL COMMERCIAL BANKS, IS HANDLING WITHDRAWAL AND DEPOSIT ACTIVITIES BUT NO LOAN TRANSACTIONS, ACCORDING TO BANIC SOURCE. SOURCE NOTED THAT

BANIC EXPERIENCED A SUDDEN OUTFLOW OF \$4.3 MILLION ON FEB. 1 WHEN CHECKS PENDING SINCE WEEKEND CLOSURE CLEARED THE BNAK. OOTHER SOURCES INDICATE THAT SAVINGS AND LOAN ASSOCIATIONS ARE ALSO EXPERIENCING A FLOOD OF WITHDRAWALS. ONE, FIA, WHICH OPENED FOR ONLY FIVE HOURS ON FEB. 1, SAW \$1 MILLION LEAVE. ANOTHER S&L, CAPSA, IS REPORTEDLY OUT OF CASH. (COMMENT: THE BANKING SYSTEM HAD BEEN FACING A SEVERE LIQUIDITY SHORTAGE EVEN BEFORE THE RECENT STRIKE MOVEMENT.)

3. THE ESSO REFINERY CONTINUES TO OPERATE UNDER GUARDIA NACIONAL (GN) "PROTECTION" (THE GN WILL NOT PERMIT THE REFINERY WORKERS TO GO HOME LEST THEY NOT RETURN TO THEIR JOBS), BUT DISTRIBUTION OF GALO-LINE TO STATIONS APPEARS ERRATIC AT BEST. THERE IS A MARKED SHORTAGE OF COOKING GAS ON THE MANAGUA MARKET. WE HAVE HAD EYEWITNESS REPORTS OF GN COERCION OF GAS STATION OWNERS, AS WELL AS OF MERCHANTS TO REOPEN THEIR ENTERPRISES.

4. MORE GON EMPLOYEES HAVE REPORTEDLY JOINED THE STRIKE MOVEMENT. WE HAVE HEARD THAT 400 EMPLOYEES OF THE MINISTRY OF AGRICULTURE HAVE WALKED OFF THEIR JOBS, AS HAVE 200 EMPLOYEES FROM THE BANCO NACIONAL AND ABOUT 300 FROM THE CATASTRO OFFICE OF THE PUBLIC WORKS MINISTRY. THESE ARE PROBABLY INFLATED FIGURES BUT NONETHELESS INDICATE INCREASING DISCONTENT IN THE PUBLIC SECTOR. THE STRIKE IN THE CENTERL BANK HAS REPORTEDLY SPREAD TO TWO MORE DIVISIONS, MAKING A TOTAL OF FIVE UNITS THERE, AND AFFECTING AS MANY AS 140 BANK
CONFIDENTIAL

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PAGE 03 MANAGU 00529 031432Z

EMPLOYEES.

5. IN ADDITION TO THE WALKOUT BY NUMEROUS GOVERNMENT EMPLOYEES, WE HAVE HAD CONFIRMED REPORTS THAT MANY EMPLOYEES OF LARGER PRIVATE SECTOR FIRMS WHOSE MANAGERS WANTED TO RESUME OPERATION HAVE REFUSED TO GO ALONG. JULIO MARTINEZ, A MAJOR COMMERCIAL FIRM, HAS 1,000 EMPLOYEES WHO REPORTEDLY REFUSED TO GO BACK TO WORK. THE SAN ANTONIO SUGAR REFINERY, CENTRAL AMERICA'S LARGEST, WAS PREPARED TO RESUME OPERATIONS FEB. 1 BUT WORKERS REFUSED TO GO ALONG. IN ALL CASES, WORKERS TELL MANAGEMENT THAT THEIR STRIKE IS NOT AGAINST MANAGEMENT BUT AGAINST THE SOMOZA REGIME. IN MANY CASES, WE KNOW THAT MANAGEMENT HAS GIVEN THE STRIKING WORKERS A SYMPATHETIC HEARING. (COMMENT: AFFECTED MANAGEMENT CAN THUS PLEAD THAT IT HAD BEEN WILLING TO RESUME OPERATIONS BUT COULD NOT. A CONVENIENT EXCUSE, PERHAPS, SHOULD GON SEEK TO RETALIATE AGAINST STRIKING FIRMS.)

6. A SURVEY OF MOST MAJOR COMMERCIAL SHOPPING CENTERS IN MANAGUA REVEALED THAT VERY FEW STORES WERE OPEN FEB 1 AND 2. THOSE THAT WERE OPEN WERE GENERALLY THE SMALL STORES WHO EMPLOYE ONLY ONE OR TWO PERSONS AND VERY FEW CUSTOMERS WERE SEEN PATRONIZING THEM. A LOCAL BUSINESSMAN WHO OWNS FIVE BOOKSTORES INDICATED TO EMBOFF THAT THE WORKERS IN THE COMMERCIAL SECTOR WERE MORE IN FAVOR OF THE

STRIKE THAN ANYONE ELSE.

7. REPORTS FROM OUTSIDE MANAGUA INDICATE THAT, ALTHOUGH COTTON PICKING AND GINNING OPERATIONS IN THE LEON/CHINANDEGA AREA ARE BACK TO NORMAL, ONLY HALF OF THE STORES IN CHINANDEGA ARE OPEN, AND THAT LEON IS VIRTUALLY SHUT DOWN COMMERCIAL. MATAGALPA IS ALSO AT A STANDSTILL.

8. COMMENT: THE PUSH FOR CONTINUING THE STRIKE SEEMS TO BE SHIFTING FROM THE CONTROL OF MANAGEMENT AND OWNERS TO WORKERS, SHOP OWNERS, AND GON EMPLOYEES. HOWEVER, ONE INDUSTRIALIST INDICATED THAT THE WHOLE SITUATION IS A SEESAW AND THAT ATTITUDES CHANGE DAILY.
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